

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3806-05  
Bill No.: Truly Agreed to and Finally Passed SS for SCS for HS for HCS for HB's 1502 and 1821  
Subject: Insurance - General; Insurance - Automobile; Insurance - Property; Insurance Department; Credit and Bankruptcy  
Type: Original  
Date: May 24, 2002

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Insurance Dedicated	\$0 to \$33,900	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 to \$33,900</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance (INS)** assume that some property and casualty insurers may need to re-file their policy forms to comply with legislation. This would result in one-time maximum revenues to the Insurance Dedicated Fund as follows: 678 insurers (personal auto, fire and homeowner insurers) x \$50 per filing = \$33,900 for FY 03. Projected Revenues will be a range of \$0-\$33,900. INS anticipates that current appropriations and staff will be able to absorb the work for implementation of this single proposal. However, if additional proposals are approved during the legislative session, the INS would require additional staff to handle the increase in workload.

**This proposal would affect Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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### **INSURANCE DEDICATED**

<u>Income - Department of Insurance</u>			
Form filing fees	\$0 - \$33,900	\$0	\$0

<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED</b>	<b><u>\$0 - \$33,900</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

Small businesses which are insurance companies could be affected by this proposal.

### DESCRIPTION

CM:LR:OD (12/01)

This proposal make several restrictions in how insurers may use an applicant's credit information in their underwriting practices.

The proposal prohibits insurers from taking an adverse action using credit information as the sole underwriting factor, and from using credit information contained in a credit report that the insurer knows to be in dispute.

The proposal requires the insurer to inform the applicant, at the time of application, if credit information may be used as an underwriting factor. Also, the proposal requires that when a credit report adversely affects an applicant, the insurer must inform the applicant about his or her rights regarding the credit information.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Insurance

A handwritten signature in black ink, appearing to read "Mickey Wilson".

Mickey Wilson, CPA  
Acting Director  
May 24, 2002